

Legislation Will Create Jobs, Encourage Small Business Growth

Washington, DC - Wednesday, Congressman Harry Teague voted to pass the *Small Business and Infrastructure Jobs Act*.

The bill included a provision that would exclude 100% of capital gain income for stock in small businesses purchased from March 15, 2010 to January 1, 2011, spurring new investments in small businesses and providing the capital they need to grow and hire more workers.

The fiscally responsible legislation also incentivizes job creation by allowing entrepreneurs to deduct up to \$20,000 (increased from \$5,000 in current law) in start-up expenditures and expands the number of businesses eligible for the maximum deduction. Other elements of the plan would provide a capital gains tax waiver to spur long-term investment in residential and commercial properties and expand eligibility for organizations to qualify for investments under the popular New Markets Tax Credit program.

"Building on the unprecedented investments in southern New Mexico's workers and infrastructure through the Recovery Act, I am continuing to work on bipartisan proposals to create more jobs and grow our small businesses," said Congressman Harry Teague. "This is the kind of common sense measure that can be an important part of putting southern New Mexicans back to work."

In addition to eliminating capital gains tax for those who invest in small businesses the *Small Business and Infrastructure Act* will increase investments in local rebuilding projects and includes a range of provisions to help small businesses grow, hire and continue to fuel our economy. The fiscally responsible legislation is fully paid for over the next decade and will not increase the deficit while it builds on the job creating measures Congressman Harry Teague previously supported in the *American Recovery and Reinvestment Act* the *HIRE Act*.

Additional information on the *Small Business and Infrastructure Act*:

Rebuilding Communities & Creating Jobs

- **Build America Bonds.** Extends Build America Bonds, which has been called "one of the economic recovery efforts biggest successes," through 2013. These bonds have been an effective tool in job creation and a vital resource for state and local governments seeking to invest in schools, sewers, hospitals and transit projects - having helped finance more than \$78 billion in infrastructure projects through March 1, 2010 creating jobs and strengthening communities across America. Currently, the federal payments for these bonds expire at the end of the year. Under the bill, these federal payments for the bonds to state and local governments would last through 2013, dropping from 35% to 30% over time.

- **Recovery Zone Bonds.** Extends Recovery Zone bonds for economically distressed areas through 2011 and provides more of them to ensure that all areas nationwide with high unemployment receive a minimum number of these bonds (based on their share of national unemployment). These Recovery bonds, targeted to areas with significant poverty, unemployment or home foreclosures, can be used to invest in infrastructure, job training, education, and economic development.

- **TANF Emergency Fund Extension to Help Create Jobs.** Helps to create jobs by extending for one year an emergency fund that 35 States are using or planning to use for a jobs program that subsidizes employers, including small businesses, who hire unemployed workers. This Fund is currently on track to put over 160,000 Americans back to work, with more to come if extended, and is supported by the National Governors Association, the National Conference of State Legislatures, and the National Association of Counties. The Fund's extension is needed so States and counties can continue their subsidized jobs programs and can continue to provide assistance to needy families. The TANF Emergency Fund will expire on September 30 with some States planning to discontinue their job programs between April and June without this extension.

- **Exempt New Markets Tax Credit from AMT.** Exempts the New Markets Tax Credit (NMTC), which leverages federal tax credits to encourage significant investment in low-income communities, from the Alternative Minimum Tax. This will encourage more investors to make investments in low-income communities.

Support Small Businesses, the Engine of our Economy (\$3.6 billion over 10 years)

- **Spur Investment in Small Businesses.** Increases the capital gains tax cut for those who invest in small businesses this year, like a proposal in President Obama's budget. The bill would

exclude 100% of capital gain income for stock in small business purchased from March 15, 2010 to January 1, 2011. This will spur new investments in small business with new capital they need to grow and hire more workers.

- **Small Business Penalty Relief.** Fixes a tax shelter disclosure penalty (Section 6707A) that has had a disproportionate effect on small businesses. Endorsed by the Small Business Council of America, the bill makes penalties for failing to disclose on their taxes reportable transactions proportionate to the underlying tax savings for small businesses. Some of these businesses were assessed tax penalties as high as \$300,000 per year for receiving a tax benefit of as little as \$15,000 from the unreported transaction. This bipartisan provision passed the Senate unanimously on February 9, 2010.

- **Increase in deduction for business start-up expenditures.** Entrepreneurs can deduct up to \$20,000 (up from \$5,000 in current law) in start-up expenditures in connection with investigating the creation of a business (but not capital or equipment), and more businesses could get the maximum deduction. By allowing entrepreneurs to recover a greater portion of their start-up expenses, the proposal would assist small business owners in overcoming these barriers so they too can focus on hiring new workers and growing their business.

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